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Benefit Changes to Michigan's Unemployment Law

The maximum benefit amount climbs to \$362 a week in 2002

In April 2002, the Michigan Legislature passed and Governor Engler signed into law legislation that, among other things, increased the maximum weekly unemployment benefit amount.

Below are some of the major provisions of the legislation that affect jobless workers claiming unemployment benefits. These benefit changes took effect on April 28, 2002.

The maximum weekly benefit amount increases to \$362 from the current \$300 level.

The benefit increase did not affect every unemployment claim. The increase applied to about 60% of all claims – basically, those who received the old maximum of \$300 per week.

A person's weekly unemployment benefit amount is calculated by multiplying the largest amount of wages received in any one of the base period quarters by 4.1%. Six dollars is added to the individual's weekly benefit for each dependent. With the changes, the weekly benefit amount is now capped at \$362.

Examples of weekly benefit amount calculations follow:

Example #1: A worker with high quarter wages of \$7,318 or less and no dependents will not see any increase in his/her weekly benefit amount. ($\$7,318 \times 4.1\% = \$300.$)

Example #2: A worker with high quarter wages of \$7,561 and no dependents would receive a weekly unemployment benefit of \$310. ($\$7,561 \times 0.041 = \$310.$)

Example #3: A worker with high quarter wages of \$8,000 and two dependents would receive a weekly unemployment benefit of \$340. [$\$8,000 \times 0.041 = \328 plus \$12 (\$6 per dependent) = \$340.]

Example #4: A worker with high quarter wages of \$8,830 or more would receive the maximum weekly benefit of \$362. ($\$8,830 \times 4.1\% = \362.03 , rounded down to \$362.)

The increase does not affect existing federally-funded Temporary Extended Unemployment Compensation (TEUC) claims.

Benefit duration will increase for some.

For new claims filed *after* the legislation's effective date, the formula for determining how many weeks of benefits a jobless worker will receive has changed. The multiplier increased from 40% of base period wages to 43%. The maximum number of weeks an individual can receive, however, remained capped at 26, and the minimum remains at 14 weeks.

The formula for determining benefit duration is: multiply the worker's total base period wages by 43% and divide the answer by the weekly benefit amount.

Example: Total base period wages = \$5,898; weekly benefit amount = \$161. ($\$5,898 \times 43\% = \$2,536.14 \div \$161 = 15.75$) Round down to nearest half-week. The number of allowed weeks is 15.5.

Fact Sheet

Severance pay affects benefits

Jobless benefits are now offset by severance pay the worker receives or that is allocated by the employer. Salary continuation and other remuneration intended as continuing wages resulting from the separation also offset benefits. Supplemental Unemployment Benefits (SUB) paid by some employers are not used as an offset.

Disqualification provisions changed.

- Jobless workers suspended for misconduct in connection with their work will be disqualified from receiving benefits, subject to requalification provisions.
- Disqualifications that had required six weeks of requalification now require 13 weeks. Offenses affected by this change include: failure to apply for or accept suitable work; failure to report to a former employer for work; job loss due to absence from work because of incarceration; discharge reduced to disciplinary layoff or suspension for participation in a strike or other concerted action not authorized by the recognized bargaining representative; failure to report back to the temporary help firm within seven days of completing services for a client.
- Disqualifications that had required 13 weeks of requalification now require 26 weeks. Offenses affected by this change include: assault and battery, theft or willful destruction of property in connection with the individual's work; theft after receiving notice of a layoff or discharge; illegally ingesting, injecting, inhaling or possessing a controlled substance on the employer's premises; and refusal to submit to a drug test, or testing positive.
- Workers who voluntarily leave their jobs must earn 12 times their weekly benefit amount to requalify, while those who are suspended or fired for general misconduct must earn 17 times their weekly benefit to requalify.
- Those who refuse offers of work that pay at least 70% of the gross pay rate they received from their last job will be denied benefits.

Fraud penalties raised.

- If benefit payments totaling less than \$500 are collected due to false statements or misrepresentation, the jobless worker will be penalized by an amount equal to two times the benefits received.
- In cases involving benefit payments totaling \$500 or more collected because of false statements or misrepresentation, the jobless worker will be penalized by an amount equal to four times the benefits received.
- In cases where parties embezzle monies from the UI trust fund in an amount less than \$500, they will be penalized by an amount equal to two times the funds they received.
- In embezzlement cases involving \$500 or more, the penalty amount is four times the amount received.